



RACIAL EQUITY IMPACT NOTE

DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND ▪ GENERAL ▪ ASSEMBLY

2023 Session
HB0034

Failure to Pay Rent Proceedings - Prohibition on Rent Increases and Sealing of Court Records

Bill Summary

This bill generally requires the District Court, within 60 days after the final resolution of a failure to pay rent proceeding that did not result in a judgment of possession and for which no appeal is pending, to seal all related court records. The bill also authorizes a court to seal all court records relating to a failure to pay rent proceeding that results in a judgment of possession, on motion of a tenant and if specified requirements are met. In addition, the bill prohibits a landlord from increasing rent solely because a judgment was entered against a tenant in a failure to pay rent action.

Racial Equity Impact Statement

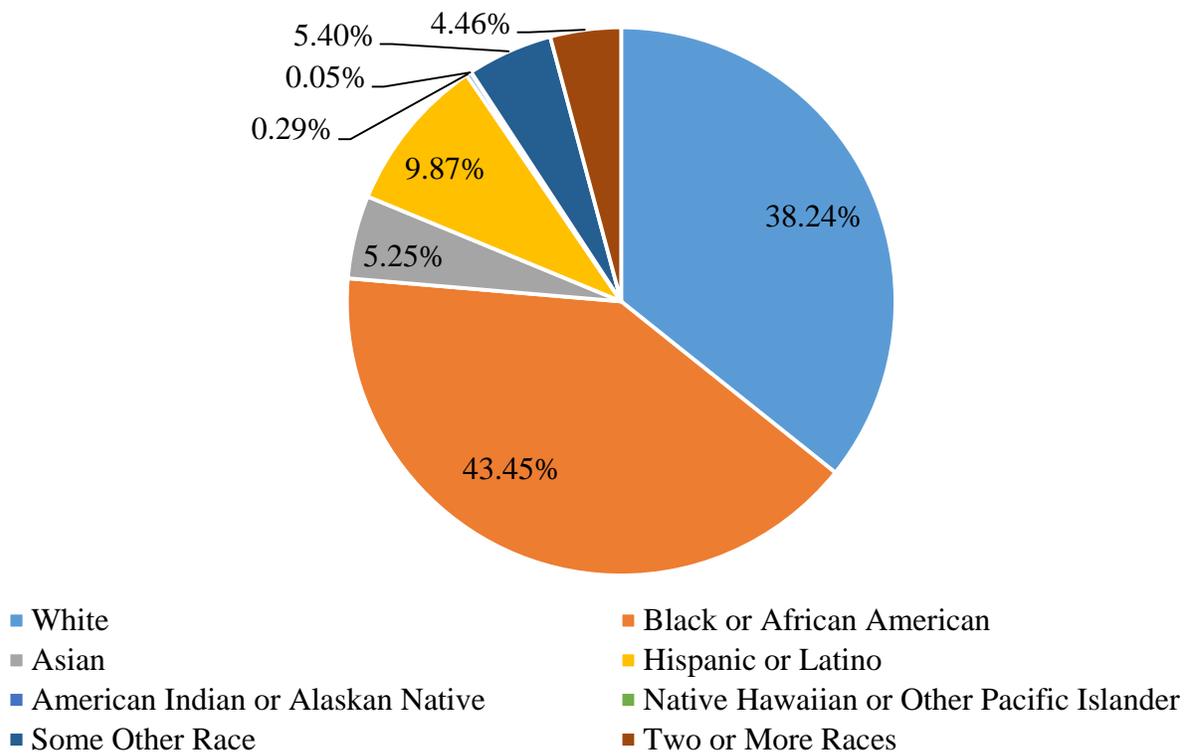
The bill would likely reduce the adverse effects that specified rent court records have on renters that are parties to these actions. Some data suggests that certain populations, such as Blacks or African Americans, have greater difficulty obtaining and retaining housing and may therefore benefit the most from the bill's provisions. There is no data available, however, to estimate the magnitude of the impact on these groups.

Analysis

The bill would reduce public access to court records for a substantial number of rent actions, especially in cases where the tenant avoided a judgment of possession or in some circumstances where the tenant has paid back rent and 12 months has elapsed since the final court action. Since renters in Maryland are disproportionately non-white, as discussed below, those renters would likely experience the most notable benefits from the bill.

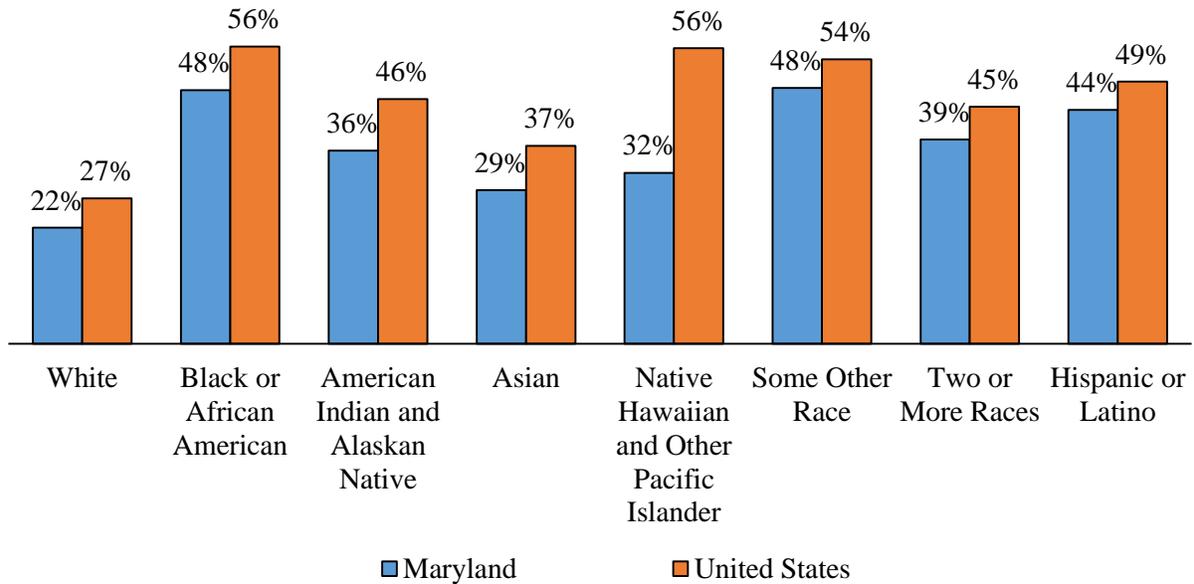
Exhibit 1 shows that Black or African American and Hispanic households constitute over half of all rental households in Maryland. **Exhibit 2** shows that non-white populations in the State are overrepresented as renters as compared to whites.

Exhibit 1
Rental Households in Maryland
by Race/Ethnicity
2021



Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates, 2021

Exhibit 2
Renters by Race/Ethnicity
2021



Source: U.S. Census Bureau, American Community Survey, 1-Year Estimates, 2021. Figure by the University of Baltimore Schaefer Center for Public Policy

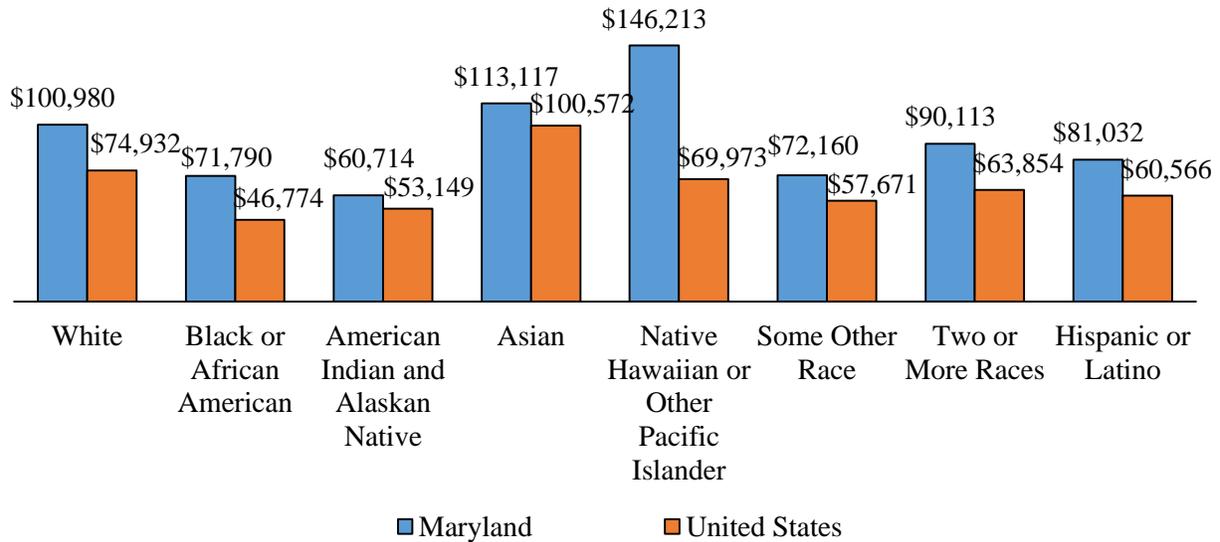
In addition, the U.S. Department of Housing and Urban Development reports that 13% of all rental households in Maryland received federal rental assistance in 2021. Of those 90,183 households, 79% were minority households and 25% of individuals in those households had a disability.

Gross Rents and Household Income in Maryland

Data regarding renters and general median income demographics indicate that renters in Maryland are more likely to be minority, low-income, or spend a disproportionate amount of income on rent. According to the U.S. Census Bureau’s 2021 5-Year American Community Survey (ACS), the median gross rent for Maryland is \$1,485, compared to \$1,163 nationally. The 2021 ACS estimates that of 716,566 rental households in Maryland, 373,422 (52%) pay more than 30% of their household income in rent.

Exhibit 3 shows that Blacks or African Americans have one of the lowest levels of household income both in Maryland and nationally when comparing income levels by race or ethnicity.

Exhibit 3
Median Household Income by Race/Ethnicity
2021



Source: U.S. Census Bureau, American Community Survey, 1-Year Estimates, 2021. Figure by the University of Baltimore Schaefer Center for Public Policy

Rent Court Cases in Maryland

There is some evidence that rent court actions affect a significant portion of the renter population. A statistical study of rent court actions conducted in 2012 by Maryland Legal Aid estimated that rent courts across Maryland adjudicated 614,735 failure to pay rent cases in that year. This was in comparison to an estimated 723,780 rental households in Maryland at the time as reported by the ACS.

Assuming that the volume of failure to pay rent cases is as robust as the Maryland Legal Aid study suggests, adjudication of rent actions is a prominent issue for the renter population in the State. However, even if the case volume only involves a small portion of rental households, it seems likely that many of those households are from minority and/or low-income populations.

According to the Office of the Attorney General, failure to pay rent actions are currently available for public inspection and reporting regardless of the disposition of the case. As a result, the filing of failure to pay rent actions quickly appears on tenants’ credit and other rental history records. The ultimate disposition and the circumstances surrounding the filings are not necessarily included within such records, however, which can have a negative impact on consumers’ access to housing options and less expensive credit.

Conclusion

Under existing law, renters bear the burden of rent court actions even when they are successful in defending a failure to pay rent filing or have paid off any debt and avoided an eviction. A renter can still be denied future rental housing due to the case record, the reporting of a prior eviction on credit reports, and other background records. This can create a constant cycle of adverse effects such as housing insecurity, increased risk of unemployment, and diminished credit. The bill could help reduce some of these adverse outcomes among Maryland's renter population, which is primarily comprised of Black or African Americans and other racial/ethnic minorities.

Information Sources: Office of the Attorney General; U.S. Census Bureau; University of Baltimore Schaefer Center for Public Policy; Maryland Legal Aid; U.S. Department of Housing and Urban Development; Department of Legislative Services

Analysis by: Dr. Mikaela Zimmerman

Published: 01/31/2023

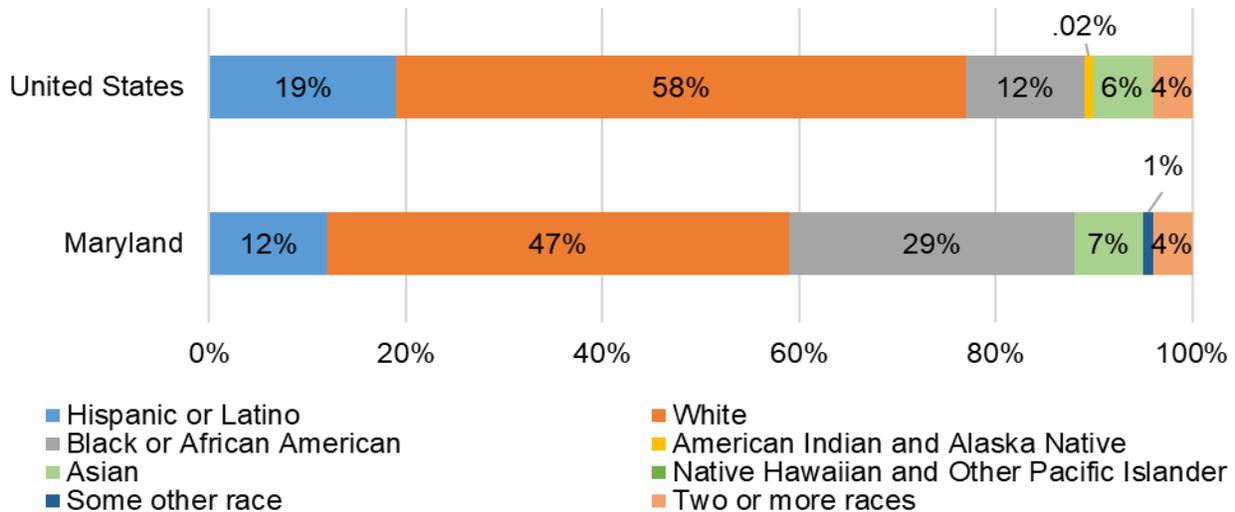
Appendix – Maryland Demographics

Race and Ethnicity of the Maryland Population

Maryland’s 2020 census population is 6,177,244, a 7% increase from the 2010 census count and approximately 2% higher than the 2019 census population estimates. In addition to an increase in population, Maryland’s racial demographics have become more diverse. Maryland is now a state in which racial minorities make up a majority of its total population. Notable changes relevant to this shift are the increase in groups who identify as “other” and “multiracial” (*i.e.*, two or more racial identities), which total 5% of the State’s population. Additionally, the change in demographics is due to the decrease in the number of individuals who only report “white” as their racial group. Despite this decrease, non-Hispanic whites remain the largest single race demographic group in the State of Maryland comprising 47% of the State’s population.

Compared to the U.S. population overall, Maryland’s population of individuals who identify as a single race is more diverse. Maryland is ranked as the fourth most diverse state by the U.S. Census Bureau’s [Diversity Index](#). As shown in **Exhibit 1**, in Maryland, 47% identify as white alone compared to 58% of the national population. Similarly, 51% of the population identify as non-white or multi-racial compared to 38% of the national population. In both the State and national population, the largest shares of the non-white population are individuals who are Black or African American, with 29% of the State population identifying only as Black or African American and another 2.5% identifying as Black in combination with some other race. Maryland’s Asian population is 7%, which is slightly higher than the Asian share of the national population of 6%. The State’s overall population by ethnicity, however, is slightly less diverse than the U.S. population; 12% of the State’s population identified as Hispanic or Latino compared to 19% of the U.S. population.

Exhibit 1
U.S. and Maryland Population by Race and Ethnicity
2020



Source: U.S. Census Bureau, 2020 Census Redistricting Data (Public Law 94-171), Table ID P2, HISPANIC OR LATINO, AND NOT HISPANIC OR LATINO BY RACE.